

AMENDED IN SENATE MAY 1, 2003

SENATE BILL

No. 814

Introduced by Senator Vincent

February 21, 2003

An act to amend ~~Section 19801~~ *Sections 19801, 19962, and 19963* of the Business and Professions Code, relating to gambling.

LEGISLATIVE COUNSEL'S DIGEST

SB 814, as amended, Vincent. Gambling.

Existing law ~~declares that the public policy of this state disfavors gambling and prohibits gambling as specified. Existing law also declares that no person in this state has a right to operate a gambling enterprise except as expressly permitted by law, and that gambling activities that are not expressly prohibited or regulated by state law may be prohibited or regulated by local government~~ *regulates legal gaming in California and provides that until January 1, 2007, a governing body and the electors of a county, city, or city and county, which have not authorized legal gaming prior to January 1, 1996, may not authorize or expand legal gaming. Existing law also prohibits, until January 1, 2007, the California Gambling Control Commission from issuing a gambling license for a gambling establishment that was not licensed to operate in December 31, 1999, except as specified.*

This bill would *extend the operative dates of those provisions until January 1, 2010, as specified. The bill would also make—*a nonsubstantive ~~change in these provisions~~ *changes to a related provision.*

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 19801 of the Business and Professions Code is amended to read:

19801. The Legislature hereby finds and declares all of the following:

(a) The longstanding public policy of this state disfavors the business of gambling. State law prohibits commercially operated lotteries, banked or percentage games, and gambling machines, and strictly regulates parimutuel wagering on horse racing. To the extent that state law categorically prohibits certain forms of gambling and prohibits gambling devices, nothing herein shall be construed, in any manner, to reflect a legislative intent to relax those prohibitions.

(b) Gambling can become addictive and is not an activity to be promoted or legitimized as entertainment for children and families.

(c) (1) Unregulated gambling enterprises are inimical to the public health, safety, welfare, and good order. Accordingly, no person in this state has a right to operate a gambling enterprise except as may be expressly permitted by the laws of this state and by the ordinances of local governmental bodies.

(2) The State of California has permitted the operation of gambling establishments for more than one hundred years. Gambling establishments were first regulated by the State of California pursuant to legislation which was enacted in 1984. Gambling establishments currently employ more than twenty thousand people in the State of California, and contribute more than one hundred million dollars in taxes and fees to California's government. Gambling establishments are lawful enterprises in the State of California, and are entitled to full protection of the laws of this state. The industry is currently in significant decline, with more than half the gambling establishments in this state closing within the past four years.

(d) It is the policy of this state that gambling activities that are not expressly prohibited or regulated by state law may be prohibited or regulated by local government. Moreover, it is the policy of this state that no new gambling establishment may be opened in a city, county, or city and county in which a gambling establishment was not operating on and before January 1, 1984,

1 except upon the affirmative vote of the electors of that city, county,
2 or city and county.

3 (e) It is not the purpose of this chapter to expand opportunities
4 for gambling, or to create any right to operate a gambling
5 enterprise in this state or to have a financial interest in any
6 gambling enterprise. Rather, it is the purpose of this chapter to
7 regulate businesses that offer otherwise lawful forms of gambling
8 games.

9 (f) Public trust that permissible gambling will not endanger
10 public health, safety, or welfare requires that comprehensive
11 measures be enacted to ensure that ~~such~~ gambling is free from
12 criminal and corruptive elements, that it is conducted honestly and
13 competitively, and that it is conducted in suitable locations.

14 (g) Public trust and confidence can only be maintained by strict
15 and comprehensive regulation of all persons, locations, practices,
16 associations, and activities related to the operation of lawful
17 gambling establishments and the manufacture and distribution of
18 permissible gambling equipment.

19 (h) All gambling operations, all persons having a significant
20 involvement in gambling operations, all establishments where
21 gambling is conducted, and all manufacturers, sellers, and
22 distributors of gambling equipment must be licensed and regulated
23 to protect the public health, safety, and general welfare of the
24 residents of this state as an exercise of the police powers of the
25 state.

26 (i) To ensure that gambling is conducted honestly,
27 competitively, and free of criminal and corruptive elements, all
28 licensed gambling establishments in this state must remain open
29 to the general public and the access of the general public to
30 licensed gambling activities must not be restricted in any manner,
31 except as provided by the Legislature. However, subject to state
32 and federal prohibitions against discrimination, nothing herein
33 shall be construed to preclude exclusion of unsuitable persons
34 from licensed gambling establishments in the exercise of
35 reasonable business judgment.

36 (j) In order to effectuate state policy as declared herein, it is
37 necessary that gambling establishments, activities, and equipment
38 be licensed, that persons participating in those activities be
39 licensed or registered, that certain transactions, events, and
40 processes involving gambling establishments and owners of

1 gambling establishments be subject to prior approval or
2 permission, that unsuitable persons not be permitted to associate
3 with gambling activities or gambling establishments, and that
4 gambling activities take place only in suitable locations. Any
5 license or permit issued, or other approval granted pursuant to this
6 chapter, is declared to be a revocable privilege, and no holder
7 acquires any vested right therein or thereunder.

8 (k) The location of lawful gambling premises, the hours of
9 operation of those premises, the number of tables permitted in
10 those premises, and wagering limits in permissible games
11 conducted in those premises are proper subjects for regulation by
12 local governmental bodies. However, consideration of those same
13 subjects by a state regulatory agency, as specified in this chapter,
14 is warranted when local governmental regulation respecting those
15 subjects is inadequate or the regulation fails to safeguard the
16 legitimate interests of residents in other governmental
17 jurisdictions.

18 (l) The exclusion or ejection of certain persons from gambling
19 establishments is necessary to effectuate the policies of this
20 chapter and to maintain effectively the strict regulation of licensed
21 gambling.

22 (m) Records and reports of cash and credit transactions
23 involving gambling establishments may have a high degree of
24 usefulness in criminal and regulatory investigations and,
25 therefore, licensed gambling operators may be required to keep
26 records and make reports concerning significant cash and credit
27 transactions.

28 *SEC. 2. Section 19962 of the Business and Professions Code*
29 *is amended to read:*

30 19962. (a) On and after the effective date of this chapter,
31 neither the governing body nor the electors of a county, city, or city
32 and county that has not authorized legal gaming within its
33 boundaries prior to January 1, 1996, shall authorize legal gaming.

34 (b) No ordinance in effect on January 1, 1996, that authorizes
35 legal gaming within a city, county, or city and county may be
36 amended to expand gaming in that jurisdiction beyond that
37 permitted on January 1, 1996.

38 (c) This section shall remain operative only until January 1,
39 ~~2007~~ 2010, and as of that date is repealed.

1 *SEC. 3. Section 19963 of the Business and Professions Code*
2 *is amended to read:*

3 19963. (a) In addition to any other limitations on the
4 expansion of gambling imposed by Section 19962 or any
5 provision of this chapter, the commission shall not issue a
6 gambling license for a gambling establishment that was not
7 licensed to operate on December 31, 1999, unless an application
8 to operate that establishment was on file with the division prior to
9 September 1, 2000.

10 (b) This section shall remain in effect only until January 1,
11 ~~2007~~ 2010, and as of that date is repealed, unless a later enacted
12 statute, that is enacted before January 1, ~~2007~~ 2010, deletes or
13 extends that date.

